## THE TREASURY REPORT

SECRETARY FAIRCHILD'S FACTS, FIG. TRES. AND RECOMMENDATIONS.

he National Income and Expenditures— What Should be Done with the Surplus—Our Imports and Experts—Worsted Goods—Foreign Commerce—The Currency of the Country—The Silver Dollar—Immi-gration—The District of Columbia.

The ordinary revenues of the Government

from all sources for the fiscal year 80, 1887, were:			
Customs	118,828	868 391	12
Fredta on colnage, bullion deposits, and	9,254	,286	42
Tax on national banks	8,929 2,385	252 851	B3
Fees Consular, letters patent, and land. Costoms fees, fines, penalties, &c	B. 801	647	10
sales of Indian lands	1.479	028	81
Soldiers' Home, permanent fund	1.364	435	57
Repayment of interest by Pacific railways	814	798 882	18
sales of Government property Immigrant fund.	261	889 402	312
Tax on sealskins. Deposits by individuals for surveying pub-	317	152	75
if a law/la	114	289	70
Revenues of the District of Columbia	2,367		
Total ordinary receipts		-	0.00
The ordinary expenditures for			

Civil expenses... Poreign intercou Indian service... rensiona filliary establishment, including rivers and harbors and arsenals. Faval establishment, including vessels, machinery, and improvements at navy vards. 38,561,025 85 yards.

\*\*jacellaneous expenditures, including nublic buildings, lighthouses, and col-15,141,126 8

public buildings, lightnesses, public buildings, lightnesses, lecting the revenue.

Expenditures on account of the District 4.085,251 39 47,741,577 25 47,903,248 18 on the public debt... Total ordinary expenditures ...... \$315,835,428 12 \$80,023,570 00 Naking..... Making.

Was applied to the redemption—
Of the loan of 1882.
Of the funded loan of 1881.
Of the can of July and August, 1861.
Of the ten-forty lean of 1895.
Of the consols of 1895.
Of the consols of 1895.
Of the consols of 1895.
Of the fire-twenty loan of 1892.
Of the lan of 1893.
Of the fire-twenty loan of 1894.
Of the fire-twenty loan of 1894.
Of compound interest and other notes.

Total..... Fiscal Year 1888. For the present fiscal year the revenues, ac-tual and estimated, are as follows:

Quarter endet three-fourths sept. 33, 1887. of the year. Total. Actual. Actual. Actual. Sept. 63, 1897. 000,000 00 b. 31,422,000 49 88,677,960 51 120,000,000 00 2,620,890 23 7,379,109 77 10,000,000 00 912,411 69 1,087,588 31 2,000,000 00 banks.
Int and sinking
fund, Pacific
ratiways.
Customs fees,
fines, penalties, &c. 446,090 81 1,553,909 19 2,000,000 0 Tot. receipts \$100,328,397 82 \$250,671,602 18 \$383,000,000 0

The expenditures for the same period, actual and estimated, are as follows:

Quarter ended three-fourths Sept. 30, 1887. of the year. Actual. Estimated. Civil and mis-cellaneous ex-penses includ-ing pub. build-ings, light-houses, and

prove menta, and arsonals. (avalestab, in-cluding ves-sels and ma-chinery and improvements 12,568,225 87 26,631,774 13 39,900,000 00 improveme'ts at navy yards Exp'ditures for Dist. of Col...

1,474,685 28 2,775,314 72 4,250,000 00 | Dist. of Col. | 1,474,685 25 | 2,775,314 72 | 4,250,000 00 |
| Instead on the public debt. | 12,162,181 68 | 32,337,818 32 | 44,000,000 00 |
| Instant find, including firm | 43,024,277 84 | 3,780,007 64 | 46,817,785 48 Total expend.\$121, 121, 152 01 \$196,696,633 47 \$316,817,785 48 otal receipts, actual and estimated......\$383,000.000 00 otal expenditures,including sinking fund \$16,817,785 48 Estimated surplus ...... \$66 182.914 52 SINKING FUND.

The act of Feb. 25, 1862 (R. S. 3,688, 3,689), re-The act of Feb. 25, 1862 (R. S. 3,688, 3,689), requires one per centum of the entire debt of the United States to be annually set apart as a sinking fund and applied to the purchase or payment of the public debt, in such manner as the Secretary of the Treasury may from time to time direct, together with a sum equal to the interest on all bonds so redeemed; and the act of April 17, 1876 (19 Stat. 33), provides that fractional currency redeemed by the Treasury shall also form a part of the sinking fund.

The requirements of the fund for the fiscal year ended June 30, 1887, including a balance of \$1,597,407.23 from the previous fiscal year, were fully met by the redemption of bonds, interest notes, and fractional currency, to the extent of \$47,903,248.15. The requirements for the current fiscal year, which are estimated at \$46,817.785.48, have been almost wholly provided for to Nov. 1. 1887, by the redemption of fractional currency and three per cent. bonds and by the purchase of four and four-and-one-half per cent bonds, amounting in all to \$46,548,921.80, or within \$22,963.68 of the estimated requirement for the year.

SUBPLUS BEVENUE.

supplus Revenue.

Circumstances have heightened the immediate urgency of taxation reform as affecting the surplus revenues of the Government. The urgency is so great that the question of surplus revenues demands the earnest attention of both the legislative and executive branches of the Government. By surplus revenue is meant the money which annually remains in the freasury of the United States after the officers of the Government. By surplus revenue is meant the money which annually remains in the freasury of the United States after the officers of the Government have collected the taxes laid on the people by the lews of Congress and have paid all the expenses and obligations of the Government except principal of the interest-bearing debt.

Each year for twenty-two years there has been such a surplus—the least \$2.344.882.30.in 1874; the greatest, \$145,543.810.71, in 1882. The total of this surplus for the twenty-two years ended June 30, 1887, was \$1.491,845.953.12. It was \$103,471.097.69 during the last fiscal year, which was only about a million of dollars less than the greatest annual surplus (that of 1884; since the reduction of taxation in 1883, although the ordinary expenditures, exclusive of interest on the public debt, were \$20.652.756.87 greater in 1887 than in 1884. During the present fiscal year ending June 30, 1888, the surplus taxation will be \$113.000,000.

What shall be done with this surplus revenue? It comes into the Treasury in the form of gold coin, silver coin, gold certificates, silver certificates, and United States notes. The Government provides, at large annual cost, minuts and a Bureau of Engraving and Printing to coin and print these various forms of money and representatives of money, that there may be a sufficient circulating medium in the hands of these circulating medium in the hands of the sevenues of the Government and disaster must follow, and a portion of l

that they shall each year equal the taxation of that year.

3. Reduction of the revenue from taxation to the amount actually required to meet necessary expenses.

All of those expedients have in common the memorit of preventing the derangement to business which must follow hoarding or locking up in the Treasury the circulating media of the people.

The first the purphase of Bonds, has the

Purchase of lionds.

The first, the purchase of bonds, has the further merit that the interest ceases upon all further merit that the interest ceases upon all tends purchased by the Government; but, on the other hand, the use in business of the money which is devoted to the purchase of the anoney which is devoted to the purchase of the money in business is greater than the amount of money which is saved by the cancellation of the Government bonds, then the people have lost by the transaction, the measure of loss being the difference between the worth of the use of the money to them and the interest saved on the bonds cancelled; for example, no calcula-

tion being made of compound interest, the purchase at par of a \$1.000 4 per cent. bond twenty years before it is due saves to the people \$300 in interest upon that bond; but if the mopey had not been taken from the people, and if in their business it would have been worth 5 per cent. annually for the twenty years, then the total value of the use of the \$1.000 to them would have been \$1.000, and there would have been a coss of \$200 in consequence of this surplus of taxation; but 5 per cent. bonds cannot be bought at par, and hence the calculation must be bought at par, and hence the calculation rich be bought at par, and hence the calculation must be bought at par, and hence the calculation are not been always be made upon the basis of a far less stays be made upon the basis of a far less stays be made upon the basis of a far less stays be made upon the basis of a far less stays be made upon the basis of a far less stays be put at not less than \$1.000 to the made and uring the present fleest than \$1.000 to the made and uring the present fleest year for the sinking fund, and has been obliged to pay such a price for them that the annual saving in interest would be less if purchases were made now. Should the Government attempt to spend all of its present surplus revenues in the purchase of bonds the price would go much higher. Indeed, it is doubtful if enough bonds could be bought to expend all the surplus revenues at a price which would result in any considerable saving in the probable that the surplus revenues at a price which would result in any considerable saving the ordinary needs coplinue taxation beyond the ordinary needs coplinue taxation beyond the ordinary needs coplinue taxation beyond the sort to the buying of bermanent, and then represent flesposed to recommend the repeal of the sinking fund requirements of the present laws, it is probable that the command of these laws can only be obeyed at heavy cost, but, nevertheless, it is better and more wholesome that the country should each year continue to de

Isted of late and because there is no better thing to do.

There is in the Treasury of available funds at this date. Dec. 1, 1887, after every possible obligation has been provided for, the sum of \$55,258,701.19, which every day grows larger. A careful estimate shows that this sum will be \$140,000,000 at the end of this fiscal year.

Unselfish statesmanship must now be invoked to save the people from the dangers which the new conditions threaten.

Unnecessary Expenditure.

Which the new conditions threaten.

Unnecessary Expenditure.

I cannot believe that it will adopt the second expedient, viz., the enlargement of Government expenses simply to expend money raised by taxation, when the public weal does not otherwise call for the expenditure. Every dollar taken by taxation from the man who has it employed in a business which the natural wants of the community call for, and carried into the Treasury, even if at once paid out again to satisfy obligations created by law in excess of the healthy needs of government, is a dollar used to misemploy labor and to impoverish the people, and as a sure consequence to impose in the end the burden of the excessive taxation upon the labor of the country.

We can easily comprehend the case if we consider a community of say 100 men. If 10 of the number of this community are employed in the construction of fortifications or of public buildings, it is evident that the other 30 must expend a portion of the fruits of their labor in the support of the ten; to do this they must either work more hours and days in the year than they otherwise would do, or they must deprive themselves of certain conforts and savings. The same relations of labor in general to labor employed by Government obtain in our great community of 60,000,000 of people, although numbers and the complex nature of society make it less easy to connect financial and labor troubles with the causes thereof.

I have used as illustrations fortifications and public buildings, not because the Government should not build fortifications to such extent as will give the country ample protection against invasion and enable it at all times to maintain its dignity, or because it should not build not build fortifications to such extent as will give the country ample protection against invasion and enable it at all times to show that even the most meritorious expenditures of Government are seldom anything but an unproductive burden upon the whole body of labor, and that consequently taxation beyond the a

Reduction of Revenue.

Reduction of the revenue from taxation is the only fit remedy for the evils which threaten the country. This may be accomplished in various ways.

One which has been proposed is to compel a decrease of importation, and consequently a decrease of revenue from customs, by largely increasing the rates of duties. This plan could be made to reduce the customs revenue, but it would increase the people's taxation far more than it would decrease the revenues, and should not be adopted.

Another way is to reduce or abolish internal revenue taxation. In favor of this is the fact that in a small part of the Southern States the internal tax on liquors and tobacco is thought to be oppressive, and is odious to the people of those regions; and the further fact that by its reduction the expenses of its collection might be somewhat reduced. By its total abolition they might be done away with altogether. These expenses, as shown by the complete and interesting report of the Commissioner of Internal Revenue, which is commended to your careful attention, amounted during the last fiscal year to \$4.065,148.87, being three and forty-hundredths per centum of the amount collected. The cost of the collection of the revenue from customs for the same year was \$6,830,296.16, heling three and twelve-hundredths per centum of the amount collected. The class for the ore indice against this tax seems to be that as there was no onet tax before the war for the Union, it is looked upon the centry out the analyse and to bacco trespasses no more upon the natural rights of mankind to grow grain and tobacco and manufacture of the measures adopted to real money to centry out the analyse and tobacco, of course taxation of whickey and tobacco trespasses no more upon the natural rights of man than does the taxation of this coluting, of his bedding, of every implement which he uses in the cultivation of his grain and tobacco, and in the distillation or manufacture of the same. The burden of the one of the consideration of the consideration and the present

ternal taxes at present would so diminish the revenues that it would be necessary either to lay duties on articles of importation now free, such as tea and coffee, or to suspend the sinking fund requirement and also materially diminish other expenses of government.

But it is not well either to abolish or reduce internal revenue taxation; it is a tax upon whiskey, beer, and tobaceo, things which are in very small measure necessary to the health or happiness of mankind; if they are accessary to any unfortunate man they are far less necessary even to him than are a thousand other articles which the Government taxes. This tax is the least burdensome, the least unfust of all the taxes which government lays or can lay upon the people; it should not be abolished, nor should it be reduced if, with due regard to the existing conditions of labor and capital, sufficient reduction can be made in the taxis, sufficient reduction can be made in the taxis, sufficient reduction can be made in the taxis, and the people.

Less Customs Taxation.

And now there is left only the revenue from a content and capital in the capital of the

And now there is left only the revenue from customs taxantion to be considered. Here is where the reduction should be made, and while reducing advantage should be taken of the opportunity to reform the aduses and the opportunity to reform the aduses and the opportunity of the continuers of the conti

ments, no shock would be caused by such with-drawal. As this is the best use to make of this money, I advise it. If, however, it is thought better to attempt to buy bonds with it. I should like to have specific authority given to the Secretary of the Treasury to do so.

CUSTOMS ADMINISTRATION.

The difficulties in the collection of duties so forcibly pointed out by my predecessor in his annual reports and special communications to the Congress still exist, notwithstanding the efforts of this department and of the local customs efficers to overcome them. The numerous ambiguities in the tariff schedules furnish constant means of evasion; disputes and litigation increase rather than diminish.

The remedies for these troubles which suggest themselves to me are, briefly stated, the reduction of high ad valorem rates of duty, the simplification of the tariff by the elimination of ambiguities, and decreasing the number of dutiable articles, and the rearrangement and simplification of the customs laws, including the enactment of proper measures to enforce the collection of duties, and to secure the prompt, uniform, and certain adjustment of all questions relating to values and rates of duty.

\*\*Duty on Worsted Cloths\*\* CUSTOMS ADMINISTRATION.

prompt, uniform, and certain adjustment of all questions relating to values and rates of duty.

Daty on Worsted Cloths.

A conspicuous example of the inequalities of the tariff is found in the discrimination in the rates of duty imposed upon woollen and worsted cloths.

Improvements in recent years in the machinery employed in combing wool has so changed the character of what are commercially known as worsted cloths that the latter have largely superseded woollen cloths for use as men's wearing apparel. This change in the style of manufacture and use of worsted cloths has operated to the serious injury of our domestic manufacturers of these goods, because the duty on the wool which they must use is the same as that upon wool used in making woollen cloths, while the rates of duty imposed upon the latter when valued at not exceeding 80 cents per pound are 35 cents per pound and 35 per cent, ad valorem, whereas the duty on worsted cloths valued at not exceeding 80 cents ranges from 10 to 24 cents per pound and 35 per cent, ad valorem. In some cases the duty on the wool used in making worsted cloths exceeds the duty imposed on the finished article.

Earnest representations have been made to mo of the hardships suffered by domestic interests on account of these changed conditions. There is much reason to believe that the manufacture of worsted cloths nuts soon cease in this country unless the tariff law in this regard is amended.

FOREIGN COMMERCE.

The values of our imports from and exports to foreign countries during the year ended

The values of our imports from and exports to foreign countries during the year ended

fiscal year, have been as	follows:	preceding
Exports— Pomestic Foreign	1886. 1886. \$665,964,529 13,560,301	1887. \$700,022,923 13,160,288
Imports.	\$679,524,830 635,436,136	\$716,183,211 692,819,768
Excess of exports	\$44,088,094	\$23,603,443
Exports	1880, \$72,463,410	1887. \$33,997,681 60,170,792
Excess of exports Excess of imports The total value of the	imports ar	824,173,101 id exports
of the last fiscal year, that of the fiscal year 18	86, shows a	n increase

The values of the princi ging the two years end 87, were as follows:	pal articles ed June 3	exported 0, 1886 and
er, nero as minore.	1587.	1980.
male	#14F5666.7909	\$12,516,600
endstuffs		125,846,558
al		4,186,500
poer, and manufactures of	9 707 447	5,071,748
tton, and manufactures of		0.0041,748
tion. and manutactures of		210,045,576
re and fur skins	4,807,277	3,321,102
n and steel, and manufac		AND MARKS THE
ures of	15,060,756	15,755,400
ather, and manufactures of.		8,737,682
cake and oil cake meal	7,800,691	7,003,714
mineral	46,824,915	50,199,844
ovialons:		111111111111111111111111111111111111111
Meat products	82,945,994	79,748,750
Dairy products		10,876,466
OF avenuageartealgeanesvanes	11,442,337	10,077,750
pacco, and manufactures of.	20,280,672	30,424,908
od, and manufactures of	19,654,034	20,743,350
	-	The second second
Total	644,225,211	\$605,010,177
ue of all domestic exports 6	708,022,928	\$605,964,529
IMPORT	166	
The total value of the		manahan

\$692,519,768 in 1887, being an increase of \$56,883,692, or 9 per cent, of which \$22,061,851 represents the increase in the value of free merchandles, and \$48,821,797 the increase in the value of dutiable imports.

The total value of imported merchandles entered for consumption in the United States during the year ended June 30, 1987, was \$688,418,981, exceeding the total of 1886 (viz., \$625,308,878) by \$68,110,167, or 9.9 per cent.

Of the aggregate value, \$238,093,659 represents the total value of merchandles free of duty, and \$460,325,322 that of dutiable commodities, against \$211,580,759 and \$413,778,055, respectively, in the preceding year.

INCREASE OF CUSTOMS REVENUE.

INCREASE OF CUSTOMS REVENUE. The increase in the amount of ordinary duty collected, from \$188.379.397 in 1886 to \$212.032, 424 in 1887, viz., \$23,633,627, was in the follow

ported:	blierted-
Fear Ended June 30, '88,	Year Ended June 30, '87.
\$51,776,948	\$58,016,086 20,715,234
5,126,108 27,278,528 11,938,097 8,311,114	5,880,817 29,799,717 15,540,301 8,127,758
3,498,509 60,121,233	4,510,312 4,210,089 64,284,500
and the second second	\$212,032.424
	June 30, '86, \$51,778,948 14,601,876 5,126,168 27,278,538 11,038,097 8,311,114 1,694,924 3,498,569

The monetary transactions of the Government have been conducted through the offices of the United States, nine assistant treasurers, and 211 national bank deassistant treasurers, and 211 national bank depositaries.

The gross receipts of the Government, amounting during the fiscal year, as shown by warrants, to the sum of 4525,844,177.66 (\$154,-440,900 of which were on account of United States notes, certificates, and conversion of refunding certificates), were deposited as follows, viz.:

CURRENCY CIRCULATION.

The increase and changes in the circulation among the people of money and its representatives, and of money and bullion in the Treasury since July 1, 1886, have been so extensive and interesting that it is well to here give the following tables: Comparative statement showing the changes in circulation from July 1, 1888, to Nov. 1, 1887.

In circulation In circulation
July 1, 1886. Nov. 1, 1887. Decrease. Increase.
oin \$348,790,428 \$382,583,770 .... \$53,790,342 46,156,256 51,290,061 5,133,796 76,044,375 99,684,773 .... 23,640,398 88,114,225 160,713,957 323,511,691 331,419,950 72,697,732 504,475,950 267,883,223 \$36,592,727 Totals. \$1,249,564,645 \$1,360,512,349 \$36,592,737 \$151,540,431

Comparative statement showing the changes in the money and bullion held by the Treasury from July 1, 1886, to Nov. 1, 1887.

	In Treasury	In Treasury Nov. 1,1887.	Decrease	Increas
Standard	\$189,629,603	\$182,842,108	\$7,157,500	Increas
dollars.	181,253,566	214,175,532	2+44	\$72,921,9
silver	29,904,681 22,868,316	24,468,135 15,261,066	4,436,546 7,607,250	10
notes Gold bul-	4,034,416	4,157,990	****	123,5
lion	43,308,530	120,202,562	****	74,863,9
lion Frade dol	3,092,198	6,721,996		1,629,7
buillon.		6,961,036	15155	6,961,00
Totals	\$472,991,300	\$572,290,350	\$19,231,296	\$118,530,3
The cl	rentation o	f coin and	naper in	denom

The circulation of coin and paper in denominations of twenty dollars and less, from July 1, 1886, to Nov. 1, 1887, shows a net increase of about \$109,000,000; thus nearly the whole of the increased circulation was in the form of small money.

After deducting the gold and silver coin, held for the gold and silver certificates in circulation, it is found that the Government owned \$30,837,898 less gold coin, and \$39,675,766 less standard silver dollars on Nov. 1, 1887, than it did on July 1, 1886; during the intervening period \$43,386,871 standard silver dollars were coined.

As there is still so much coined gold owned by the Government (\$22,657,330 November 1, 1887), it has been thought best to allow the gold to accumulate in the form of bullion, until there is need of gold coin.

The statements of the Treasurer show that after deducting the demand and trust liabilities of the Government and the amount of money on deposit in national bank depositaries the net money in the Treasury vaults was \$92,496,704.57 on June 30, 1886; Oct. 31, 1887, it was \$49,459,361.77.

STANDARD SILVER DOLLARS.

One of the most interesting facts shown by the foregoing statements is the decrease in the number of standard silver dollars owned by the Government and the increased use of the same money by the people in the form of silver certificates. The five, two, and one dollar certificates furnish a convenient currency, and it is evident that the future use of the silver dollar will be almost exclusively in that form.

It is weate to coin and store any more silver dollars at present. There is no function which those that are coined after this time will probably ever perform, except to lie in Government vaults and be a basis upon which silver certificates can be issued. It is seldom that any one wishes to have his silver certificate exchanged for the silver dollar itself, consequently a limited number of coined dollars will perform the work of redeeming certificates. The \$214,000,000 which are now in the Treasury will more than suffactor redeem as they may be present. STANDARD SILVER DOLLARS. 000 which are now in the Treasury will more than suffice to redeem, as they may be present-ed from time to time, the sliver certificates that have already been issued or that can be is-sued against all the dollars which will be coined for years to come under the present law.

so and against all the dollars which will be coined for years to come under the present law.

The law should be so amended as to authorize the Secretary of the Treasury to issue certificates against the coining value of the builton bought, and to coin only such number of dollars as he might deem expedient hereafter. This would not restrict in the least degree the use of the silver dollar as currency. The certificates would be equally secure, whether representing coined dollars lying in vaults or reprenting builton also lying in vaults and which could be coined into dollars. The builtion should be melted into the form of very heavy bars, which could not be easily stolen or lost. In this form the silver could be easily and quickly moved and counted.

Safequards for Silver Money. Safeguards for Silver Money.

bars, which could not be easily stolen or lost. In this form the silver could be easily and quickly moved and counted.

Safeguards for Silver Money.

It would be a neglect of duty did I not call the attention of the Congress to certain safeguards which ought to be thrown about the standard silver dollar, to protect from possible loss the people among whom it and its representative, the certificate, is so universally distributed.

Provision should be made against a time when there may be more of that form of money than is required for the business of the country. The first symptom of this will be increasing ownership of silver by the Government. This increase will take place because the Government pays to the people that kind of currency which they wish to have and receives from them that kind which they wish to pay; consequently the Government will accumulate the form of money which the public least desires. If the Government held no funds save those needed for its daily expenses, it would perform no different function foward currency when it had once coined or printed it than does an individual who receives and pays out money; but the two great trust funds—that for the redemption of United States notes (\$100,000,000) and that for the redemption of national bank notes, at present more than \$100,000,000, and whatever surplus there may be from time to time—form, as it were, a reservoir which takes and holds that kind of currency which the people reject. Were it not for this great dovernment reservoir a redundancy of any form of currency would be shown either by its exportation to countries where it was needed or by its depreciation here. The silver dollar cannot be exported because the silver of which it is made is worth less than 75 cents, and that would be its value for exportation.

The Government has bought silver bullion and coined it into about \$280,000,000, of which it has put in circulation among our people about \$230,000,000, making an apparent profit thereby of over \$35,000,000; it has always kept those

been returned and certificates taken in their place.

There should always be in the Treasury enough silver beside that held against outstanding certificates to enable the Government to at once supply any demand for it on the part of the people; but all held in the Treasury in excess of that amount is absolutely useless for any purpose, and is, in fact, a menace to the silver which the usonle hold, and also to the United States notes and national bank notes, to the whole circulating medium, except gold; therefore it would be the part of wisdom to prevent any accumulation of silver in the Treasury beyond a sufficient reserve needed to meet any demand which may be made for it.

This can be done by fixing the amount of such reserve, and providing that when it is exceeded by asy \$5,000,000, the purchase of buildon shall cease until the amount held by the Government again squals such reserve. Another plan, and somewhat similar to that recommended by my predecessor in his last annual report, would be to provide that when the reserve was exceeded an amount of United States notes equal in value to such excess should be cancelled, if enough of them were in the Treasury; but if not, then the purchase of buildon to cease until the maximum reserve should be reached. This would create a vacuum in the ofreulating medium which would be filled by silver. The amount of United States notes would be gradually reduced until the whole were extinguished; silver dollars or silver certificates would take the place of United States notes as they were retired. This plan would make our currency more uniform and as secure as now.

Neither of these plans, if adopted, would diminish the actual or potential use of silver as currency by a dollar. In my judgment, it would be promoted thereby.

Our people will never consent that the money which is in every one's pocket shall become of less value than it was when the Government paid it to them, if it be in the power of the Government to make it good.

NATIONAL BANES.

During the year ending Oct. 31, 1887, there have been 225 new banks organized—capital, \$30,546,000; circulation. \$4,690.875.

Thirty-three banks have been closed during the same period of which twenty-five have gone into voluntary liquidation and eight have failed. These thirty-three banks had an aggregate capital of \$4,087,450, and their outstanding circulation amounts to \$1,132,836.

The total number of national banks organized to date has been \$8,005, of which 3.219 have been formed under the acts of Congress and 586 have been converted from State institutions. Of the first class 556 have gone into voluntary liquidation and 100 have failed, leaving in existence 2,563.

Of the second class, 69 have gone into voluntary liquidation and 19 have failed, leaving in operation 498.

Total in operation, 3,061, being the largest number yet reached. The following-named items show not increase during the year, viz.: Capital stock, \$30,572,325; surplus, \$16,664,256,10; deposits, \$76,508,818,31.

The decrease during the year in United States bonds held for all purposes is \$82,505,900. NATIONAL BANKS.

IMMIGRATION.

States bonds held for all purposes is \$82,505,900.

IMMIGRATION.

The receipts of capitation tax for the year ended June 30, 1887, were \$257,879.50. These receipts constitute the immigrant fund, which is created by a tax of fifty cents per head for allen passengers arriving from foreign countries in ports of the United States. This tax is collected not only for bona fide immigrants, but for all allen passengers, including tourists and other sojourners, and on each recurring arrival of such allen. The tax, however, is not collected for immigrants coming from foreign contiguous territory.

It is recommended that the existing law be so amended that, in addition to the provision prohibiting the landing of aliens liable to become a public charge, idiots, lunaties, and convicts, a fine reasonable in amount should be imposed upon the master of the vessel for every such person brought by him to this country, and that such a fine be made a lien upon the vessel.

Provision should also be made that, where aliens, after having been landed, are found, within a time to be fixed, to be of either of the classes whose landing is prohibited, they should be deported by or at the expense of the master or owner of the vessel bringing them, and, on failure to do so, such master or owner to be subject to fine.

The report of the Commissioner of Internal INTERNAL REVENUE.

The report of the Commissioner of Internal Revenue, herewith transmitted, sets forth in

	Spirits. Tobacco. Fermented liquors. Oleomargarine. Bank circulation. Penalities &c.	1888. \$69,092,266.00 27,907,362.53 19,676,791.20	1887, \$65,829,321 30,108,067 21,922,187 728,948 4,288 220,204	400
2	Collections under re- pealed laws		29, 283	
	Total	\$116,902,869 44 llections above	\$118,837,301 e reported i	

cludes certain sums collected but not deposited luring the fiscal years named; thus causing a discrepancy to appear between the amounts collected and the amounts covered into the Treasury by warrants,
I would recommend that the law relative to cleomargarine be carefully reconsidered by Congress, and so amended as to render it more efficient as a means of protecting the people from being imposed upon through the sale of this article as butter.

ENGRAVING AND PRINTING

RNGRAVING AND PRINTING.

The appropriations for the support of the Bureau of Engraving and Printing for the fiscal year were \$795,008.30, and the estimated number of sheets of securities to be produced, 29,532.550. The actual expenses were \$794.747,90, and the number of sheets of securities turned out during the year, \$2,652,207. The delivery to the Treasurer of the United States of the new silver certificates of the deuomination of one dollar began Sept, 20, 1886; of the two-dollar certificates, Feb. 9, 1887. To Oct. 31, 1887, there had been delivered to the Treasurer for issue certificates of these denominations amounting to \$47.944,000, of which \$17,916,000 was in one-dollar certificates, and \$11,128,000 in two-dollar certificates.

DISTRICT OF COLUMBIA.

The net expenditures on account of the District of Columbia for the fiscal year 1887 were \$4.085.251.39. The revenues deposited in the Treasury on this account for the same period were \$2.367.859.01.

During the fiscal year 1887 there has been issued in payment for judgments of the Court of Claims \$3.150 of the 3.65 per cent. bonds. There has been retired through the operations of the sinking fund. \$401.700 of the bonded indebtedness of the District making a net reduction of \$398.550, and reducing the amount annually required for interest \$22.138.

Since the duties of the Commissioners of the Sinking Fund of the District of Columbia were devolved on the Treasurer of the United States by the act of Congress of June 11, 1878 (20 Stat. 1064, the bonded debt of the District has been increased \$337.700 by the issue of 3.55 per cent. bonds in exchange for certificates of the Board of Audit and in payment for judgments of the Court of Claims. There has been retired during the same period \$1,952,250 of the bonded debt, making a net reduction of \$1.114.550, reducing the annual interest charge \$84,068.22.

CHABLES S. FAIRCHLD.

Secretary of the Treasury. DISTRICT OF COLUMBIA

A REPUBLICAN CLUB CONVENTION. No Candidates will be Named, but Plans

will be Laid for the Next Campaign, The first National Convention of Republican clubs will open its sessions in Chickering Hall on Thursday, Dec. 15. Letters have been received from almost all the Republican clubs in the country notifying the New York Republican Club that they will be represented. Each club is entitled to five delegates, and the President of each club is entitled to sit in the Convention by virtue of his office. That will make a convention of over a thousand delegates if each club sonds a full set of delegates; but many clubs will not sond five delegates, especially as each club will be allowed only one vote, no matter how many delegates it sends.

The objects of the Convention are to form an organization of all the Republican clubs throughout the country to act together next year in search of respectable voters whom the regular party organization might not reach, and to work especially for the votes of young men; to devise some means for the copperation of those clubs in State polities, and to increase the party efficiency by making known to the masses of the party the questions at issue. It is stipulated in the call that the "Convention shall not name, recommend, or nominate any candidate for office."

A committee of the Republican Club of New York has in its charge the organization of the Convention and the entertainment of delegates. Henry Gleason is Secretary of the committee, and delegates will report to him. Over 200 clubs have notified Mr. Gleason already, Among them are the Brooklyn Espublican Club, the Ghio State Republican League, the Michigan Club, the Republican State: Lub of New York has in its charge the organization of the Canvention and the entertainment of delegates. Honry Gleason is Secretary of the committee, and delegates will report to him. Over 200 clubs have notified Mr. Gleason already, Among them are the Brooklyn Espublican Club, the Babays, Newark, Washington, Lancaster, Louisville, Des Molnes, Troy, Cin sinnati, Knoxyllie, Batimore, Wilmington, Nev Haven, Hartford, Bridgeport, Lowell, Utica, Minneapolis, Paterson, Iona, Buffalo, Denver, Columbus, Lexington, Poughkeepsle, St. Paul, Elizabeth, Syracuse, Stumford, Boston, Saratoga, Or received from almost all the Republican clubs in the country notifying the New York Repub-

The Virginia Legislature. RICHMOND, Va., Dec. 7 .- The General As-

sembly of Virginia met to-day at noon. Both Houses organized by the election of officers in each body as selected by the Democratic caucus. Gov. Loe sent to both Houses a message in writing, which was read. In regard to the public debt the Governor says that, in view of the recent decision by the United States Superme Court declaring the act of May 12, 1887, constitutional and valid, and reversing the decision of United States Circuit Judge Bond in regard to the eleventh article of the Federal Constitution, he recommends the passage of a joint resolution suspending legal proceedings against those who have tendered coupons in payment of taxes, as he was assured by authority that such action would decidedly benefit all parties concerned. He thinks when the bondholders consider this decision they will be willing to accept such offer as the State can make, based upon the surplus revenue to be applied to the payment of interest on the principal of what the State considers her just debt. sembly of Virginia met to-day at noon. Both

THE REVOLT FROM THE K. OF L. tions for a General Confer the Anti-Ring Lenders,

PHILADELPHIA, Dec. 7 .- The Provisional Committee of the revolting Knights of Labor. which issued the secret circular published ex-clusively in last Sunday's Sun, to the surprise of the order here, has already found an unex-pected measure of support from members and assemblies throughout the country that have been waiting their opportunity to throw off the yoke of the Powderly-Turner-Litchman-McGuire ring. The secret circular has proved to be a bombshell in one camp and a magnet for the other The grounds of revolt are admitted to be justifiable by many who have not yet joined the new movement but are watching its develop ment. The charges are but a relteration of those which were made and left unanswered in the General Assembly at Minneapolis; and the radical reforms provided for are such as the experience of the past year have shown to be ecessary if corruption, confusion, and tyrann;

are to be prevented. The secession movement inaugurated by the Provisional Committee, and now centring there, is in the hands of determined mon, who are not to be terrorized by the ring against which they are in revolt. They have transmitted "Secret Circular No. 1" to all the local as-semblies in this city as well as to many others elsewhere, and though there is a prohibition against its being read to the members from the capital, its contents have within the past three days been spread abroad by the press. The re-sult of this has become evident at Post Office box 684, from which the Provisional Committee receives its daily mail.

The Provisional Committee is establishing correspondence and cooperation from anti-ring leaders all over the country, including some of those who suffered under the gag that was relentlessly applied at the Minneapolis Convention. The most important aid is that which has been organized in Chicago and New York, but hardly less important is that which is taking shape in Boston, Brooklyn, Newark, and Washington. In Chicago two entire districts, Nos. 24 and 57, have already broken away from Mr. Powderly's order, and are ready to take their place with the Provisional Committee.

The Provisional Committee, in company with their allies throughout the country, are preparing for the calling of a national conference, which is to be held either here or in Chicago, for the purpose of issuing a declaration of independence, and establishing a new organization of the series of the preparent the past of the secret elevalar. It is exceeding assentee from a least five hundred secoding assenting held in Chicago use after the adjournment of the Minneapolis Convention. It was then provided by the dissatisfied delegates that the Master Workmen in their respective districts should submit certain questions to the assemblies under their control. In case the majority of members gave favorable replies the assembly would at once returns to pay dues to the General Executive Board, thereby causing its expulsion; and in case only a minority voted faverably, that minority would therefore secode from the assembly and form a new body outside of the Powderly jurisdiction. In the event of the whole vote of any assembly being unfavorable, the delegates were then empowered to organize independent assemblies with such nonmembers of the order as they could induce to raily to their standard. This work has been actively prosecuted during the past month, and the results of it will be seen when the National Conference is convened. The reports so far received from those thus engaged are highly encouraging to the new movement.

The secession leaders are much amused at Militalman's attacking them on account of the Executive Board has a sealing the past month, and the results of it will be seen when the National Conference is convened. The reports so far received from those thus engaged are highly encouraging to the new movement.

The secession leaders are much amused at Militalman's attacking them on account of the secret of the

Philadelphia Bucket Shops Raided. PHILADELPHIA, Dec. 7 .- The strong arm of the law swooped down upon the so-called bucket shops of Philadelphia this morning, and within an hour after the order was given for the raid five of them were closed, and their proprietors in custody at the Central station Altogether more than eighteen men were captured. The places raided were those of C. H. Garland & Co., 323 Chestnut street; Throcknorton, Chandler & Co., 38 South Fourth street; F. A. Parker & Co., 131 Bank street; Stead & Co., Hudson place, and Walker & Co., Girard House. Central Office detectives have been locating the establishments since Nov. 25 last. They had made deals at lourteen places in all. Although the matter has been kept quiet, nine of the places were found closed this morning, and it is probable they had received information of the intended raid.

The affidavit upon which the arrests were made charges the prisoners with "keeping and maintaining a device and apparatus used for the gain of money, and are therefore common gamblers within the meaning of the statutes. At all of the places, except Walker & Co.'s office in the Girard House, the proprietors were found. At Walker's Franklin Keyser, who said he was only a clerk, was arrested as the proprietor. All of them furnished \$800 bail for court. Girard House, Central Office detectives have

Little Counterfeiting Done the Past Year Washington, Dec. 7 .- The annual report of the Chief of the Secret Service Division of the Treasury says that the counterfeiting now being done is principally the work of Italians who operate in bands in different portions of the country. The counterfeiting done during the past year amounted practically to nothing the only attempts in that direction being a \$10 silver certificate and a \$2 silver certificate, and these were such noor imitations as to be practically harmless. The work on the latter note seemed to be the joint production of a jack knife and a stencil brush. All except two of the many skilled operators arrested since the war for counterfeiting United States bonds are now at liberty, and they may be expected to resume their nefarious operations at any time. The report attributes the scarcity of counterfeit paper money to the excellence of the work done at the Bureau of Engraving and Printing and to the almost certainty of detection and punishment of the offenders. Counterfeiters at present seem to be devoting their attention almost exclusively to silver cein, but the work is much interior to previous efforts in the same direction. silver certificate and a \$2 silver certificate, and

Steerage Hates Advanced.

All of the steamship lines excepting the Thingvalla line, running to Scandinavian ports, which were at one time recognized in the Continental Steamship Conference, have agreed to work together in peace for six months, and no longer cut each other's throats in the matter of steerage rates. The rates have been raised to a basis of \$35 for the North German Lloyd line, the others receiving a differential rate. The Red Star line is allowed toked steerage tickets from \$3.50 to \$5.50 less, and the Rotterdam line from \$5.50 to \$5.50 less, and the Rotterdam line from \$5.50 to \$6.50 less.

HARPER'S CROOKED WAYS.

AN EXPERT ACCOUNTANT MAKES SOME REMARKABLE DISCLOSURES.

Record on the Bank Books of Large Sums Borrowed in New York-Exhausting his Credit to Sink Money in Wheat, CINCINNATI, Dec. 7 .- In the Harper trial to-day the sensation was the testimony of Frank M. Hayes, the expert who has been sent here by the Government to assist in the prosecution of the case. He said in answer to questions that he was an expert accountant; that he had had about ten years' experience in banks, and had filled all positions up to as-sistant cashier. He had also been familiar with brokers' business by a two years' connection with a firm in Pittsburgh whose business reached into the millions. He had made a careful examination of the books of the Fidelity National Bank, of the First National Bank

careful examination of the books of the Fidelity National Bank, of the First National Bank of New York, and of the Chemical National Bank, so far as they relate to dealings with Harper and the Fidelity Bank. He had also examined the accounts of Irwin, Green & Co. and C. J. Kershaw & Co. as to their dealings with Harper and the Fidelity Bank. He had also examined the accounts of Irwin, Green & Co. and C. J. Kershaw & Co. as to their dealings with Harper and the Fidelity National Bank.

He found charge tickets at the Fidelity, one of \$200,000, a credit to E. L. Harper and a charge against the First National Bank of New York, and another of the same kind, and a third for \$100,000. Then on March 17 there was one crediting Harper with \$300,000, and charging the Chemical National Bank of New York with the same amount. From his examination of the books of the First National Bank he found there were no such credits or charges and no money subject to the draft of the Fidelity Bank. In the case of the Chemical National Bank the Fidelity had a credit there by reason of a certificate of deposit forwarded to them, but that certificate was not entered on the books of the Fidelity Bank. The First National had two accounts with the Fidelity; one of them showed credits to the Fidelity, the other coverdrafts. By reference to both it appears that the Fidelity really had to its credit on March 1, 1887, but \$,000. One of the accounts at that time showed a credit of \$200,000; the other showed overdrafts to the amount of \$200,000. On April 1 these two accounts were consolidated, when there was \$5.832 to the credit of the Fidelity on the books of the First National Bank \$400,000 on the books of the First National Bank \$400,000 on the books of the First National of New York by reason of two certificates of deposit or \$200,000 each, but these certificates of deposit for \$200,000 e

and there was nothing on their books to show this outstanding indebtedness. Previous to this time Harper was credited with \$400,000, and thus the books of the two banks were made to agree.

Turning then to the Chemical National Bank of New York, he said their books showed that the Fidelity National Bank had a credit of \$300,000 marked loan, indicating that the Fidelity had borrowed that amount; but on the Fidelity's books there is nothing to indicate a loan. Instead a certificate of deposit for \$300,000 is issued, and the stub is marked cancelled.

Mr. Hayes then traced from day to day how Harper's credits had been exhausted by drafts, &c., that all went to persons interested in the wheat deal. The showing was minute and in detail, and he followed out the entire \$900,000 in this way, showing that of this sum there remained to his credit on March 17 but \$45,921. Recurring to the First National, he said the draft record showed a draft by the Fidelity on the First National for \$100,000. The First National never paid that draft, but Mr. Harper's account in the Fidelity is charged April 12 with \$100,000, and this made the books agree. The witness also said that two drafts drawn on April 28 and 30 for \$100.000 each were not entered on the Fidelity's books until June 18. although one was paid in New York on May 4. Mr. Hayes then took up the accounts of Irwin, Green & Co., and said that the Fidelity's books did not show any such credits to their account as the letters of advices ent them indicated. Irwin, Green & Co., credited Hoyt with \$340,000. All this, except \$2,962, was drawn out by Harper's checks. There was no entry of letters of credit. The witness also told of a transfer of credit to the American Exchange Bank amounting to \$195,000. until June 16 to 18. C. J. Kershaw & Co. were advised by four letters, of credit to the American Exchange Bank amounting to the tothe letters of oredit.

The witness also told of a transfer of credits to the American Exchange Bank amounting to the books that all of this \$200,000 wa

The Centennial Committee Organized. Mayor Hewitt's committee on the celebration of the one hundredth anniversary of the inauguration of George Washington as President of the United States met in the

Mayor's office yesterday and designated the following committee of one hundred to take harge of the arrangements for the or Charge of the arrangements for the celebration:
For Citisens—Baniel F. Tieman, Smith Ely.Jr., Edward
Cooper, Wm. H. Wickham, Franklin Edson, Wm. R.
Grace, Alian Campbell, Charles F. Daly, Stuyessant
Fish, J. B. Varnum, IW. O. Hamilton, G. Morris, Jr., P.
Schuyler, and John F. Hoffman.
For the Chamber of Commerce—L. P. Morton, S. D.
Baboeck, J. M. Brown, R. A. McCurdy, W. H. Robertson,
J. S. Schultz, G. Schwab, J. Stone, C. M. Depew, G. B.
Potter, W. E. Dodge, E. Wiman, J. W. Fiske, and C. N.
Bliss.

Fotter, W. E. Douge, E. William, J. R. Fines, and S. R. For the Historical Society—John A. King, J. B. Moora, John Jay, J. D. Jones, J. S. Kennedy, K. F. Delancer, R. E. Livingston, George H. Moore, B. B. Googewell, C. H. A. Weethell, Cornelius Vanderbilt, A. Warner, and J. M. Montgomerry, J. A. Stevens, J. D. Livingston, G. C. Genet, F. Clarkson, J. O. Tomilison, C. S. Sims, J. J. Pierrepont, Henry M. Leroy, F. A. Benjemin, C. A. Coe, and E. T. Gerry. Another meeting will be held next Wednes-

min. C. A. Coe. and E. T. Gerry.

Another meeting will be held next Wednesday,
The Society of the Sons of the Revolution Committee is of special interest, as the majority of the members are descendants of men who took part in the inauguration on April 30, 1789.

Mr. Tallmadge is a descendant of Col. Benjamin Tallmadge, known iss "the friend of washington."

Mr. Montgomery is descended from Gen. William Malcolm, who commanded the troops at Whitehall, now the Battery, when Washington landed on the day of the inauguration.

Mr. Stevens is descended from Col. Ebonezer Stevens, in command of the Second New York Artillery at the inauguration.

Mr. Livingston is descended from Chancellor Livingston, who administered the cath of office to Washington.

Mr. Genet is a descendant of Osgood, Washington's Postmaster-General.

Messrs. Clarkson and Gerry are descendants of Gens. William Floyd and Elbridge Gerry, two of the signers of the Declaration of Independence.

Mr. Pierrepont is descended from Chief Justice John Jay, and Mr. Astor from Gen.

Mr. Henry C. Bowen, the Woodstock patriot,

John Arenson.

Mr. Henry C. Bowen, the Woodstock patriot, was added to the committee.

OVINCTON BROTHERS.

RICH CUT GLASS



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WORMS

Dennis' Improved Worm Lozenge never falls. A sure cure. No castor oil required. One box will cure the most stubborn case. Children cry for them, as they appear and taste like candy. Every mother who has used these Lozenges recommends them. Sold by druggists, or sent by mall on receipt of price, 50 cents.

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